SUBJECT: Recording of Meeting in General Smith's Office concerning Reorganization of DD/P. Approximate date 15 July 1952.

This transcript was prepared in June 1965 by persons familiar with the voices of the participants and represents as close a verbatim record as possible. The participants are believed to have been:

General Walter B. Smith Mr. William H. Jackson Mr. Frank G. Wisner Mr. Lyle T. Shannon Mr. Eric Timm

Mr.	Richard	Μ.	Helms	

Smith: What I want to know first is, is it going all right?

Wisner: In my opinion it is.

Smith: I don't want to see a lot of charts, it's your shop. Well,

how do the rest of you feel about it?

Shannon: I think it's going very well, sir. And I think it's going

to go a lot better.

Timm : Yes sir, we've got a lot of headaches, but we are getting

them worked out. That's the truth of the matter, and they

can be worked out.

Smith: You exaggerate these simple problems...... How do you feel

about it Timm?

Timm : It's working out better than I had expected, and I think

very well.

Smith: Is that (damning it with faint praise)?

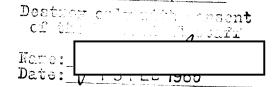
Timm: No, it's not. I always had a lot of reservations as to how

we could make the thing work in as large a complex we have,

but it seems to be working.

Smith: What are now your major headaches, major remaining headaches?

Helms: May I address myself to that General?

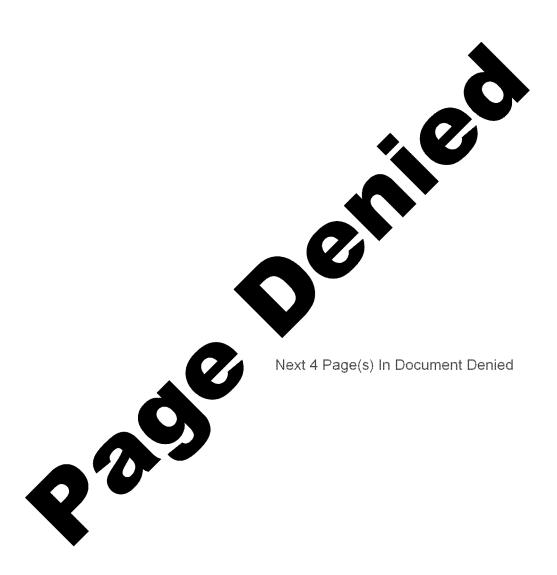


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25**X**1



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		25X
	Now, are you going to take your personnel requisitions from the people down the line and just swallow them whole?	25X
Shannon:	No, sir.	
Smith :	Look, before we did this, you had at every echelon all the way down separate administrative groups, every place along the line. Now, damn it, you ought to save there.	
Shannon:	We have saved more.	
Smith :	Why, if this reorganization, this pulling together, is more expensive personnelwise, as far as this Headquarters is concerned—I'm not talking about the field, then we'd better go back to where we started.	
Shannon:	I hadn't quite finished, sir. We took a more drastic look at this thing between Mr. Wisner, Mr. Helms and myself, and reduced those requests down to just over	25X
Smith :	What is your present strength?	
Shannon:	The present strength, with those people in process, is just inder that figure.	25X
Smith :	These could be a more effective consolidation.	
Shannon:	Something like administrative jobs, however, disappreared in this process.	25 <b>X</b>
Smith :	All right just keep it atunder that figure and it'll be all rightvery happy. I just wanted to say we held our rumwe didn't lose ground. You get a medal for that Ted.	25X
Jackson:	You ought to give me a medal for the same kind of work. I managed to get rid of ORR and never lost a man.	
Shannon:	I'm sure that we can save a lot more (on that job? ), both administratively and operationally.	
Shannon:	In the first place, we cannot get the good people.	
Smith .	Weine coing to save a hellaya let	



Shannon: I think the next major administrative problem we have is to get our budgeting in much better shape. We're heading in that direction, but we still have an awful lot of work to do, so that the budget means something. At the moment, it really doesn't mean anything. Smith I really felt sorry for the boys the other day, because they meant so well and they knew so little about assess "I And, it didn't take very many figures. You were in there when I was talking with Anders. I just made some quick mental computations and said, "Our budget for this year has got to be between | 25X1 " They said, "You must have been talking to the budget dollars. people? I said, "Why?" And, they said, "Because when they came over the other day and said to us, 'How much is your budget, ' and I told them, they said, 'That's a little high,' and I said, 'Well, what do you think it ought to be,' the Budget man said, 'It ought to be about 25X1 G. D. it, all that is is a simple 25X1 process of adding and substracting, how much reserve did we have, how much did we use, how much did we turn back, and you come to the realization, Spend as much as we could, about is what it cost to run the show last year. 25X1 I think the end result we've got to come up one of these days Shannon: is a budget under which we can operate without coming back

and changing it all around once a week all year long. what we're beaming at. If I can come back to this personnel thing for just a minute, sir, our crying need right now because we are in great confusion organization and personnelwise, is to get some Tables of Organization that we can work with under this present organization. If we can put those through and get them approved on a fairly broad and thick basis, and then have six to nine months to reexamine and cut down still further and further, it will go a long way toward letting us get ahead with this exercise.

Smith Well if it is reasonable - - -

It will be around Shannon:

25X1

Smith All right, you can get that approved, on the basis of expectation

that once you get settled down a little bit, it's going to be considerably less than that. If it isn't, why then, you're

not very efficient.

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Shannon	:	In, say, six months, we should be able to commence to scale down.	
Smith	:	Now, that gives me a flexibility between and in case I have to give you a more	25X1 25X1 25X1
Shannon	:	8	25X1 25X1
Smith	:	You can have a celing of Your present strength being or thereabouts.	25X1 25X1
Shannon	:	All right.	
Smith	:	You can have a ceiling of but I don't expect you to reach it.	25 <b>X</b> 1
Shannon	:	We'll get under it, sir, as we go along.	
Smith	:	What else?	
Helms	:	Sir, did you have a chance to review a paper which we presented about our own internal administration of projects in the shop? I believe it came up under Col. Shannon's signature. It was one of the proposals that we were putting forth on the handling of projects and it listed in some detail how we wanted to administer to wreselves, internally, not only as far as reference to you was concerned, but how we were going to check up	
Smith	:	Yes, I read it, and in time, that's the way to do it, but until you're able to appraise and budget intelligently, I can't let you do it. That's the answer. I had a perfect example of it the other day when I was going over Europe, and estimating our budget. It was not budgeted intelligently, nor was it planned adequately. Now, when you're able to budget intelligently and plan adequately, then you can do it that way, and I'll hand you the money and tell you to shoot the works, subject to a certain amount of supervision. But, particularly in the psychological field; (I don't say that on the our of that goes along about the same all the time. I could pretty nearly put you down for a fixed figure every year, and forget about it, but in the intangible field of politic to psychological.	L

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warfare

Wisner : And paramilitary ---

Smith: Yes, that's there, of course its pretty hard for me to assess there what we are going to do, but that isn't an intangible. That's a tangible field, so many men, so many guns, so much material, etc., what you want us to do, well there I'm on familiar ground, but where you get to some of these other things, I'm not; and yet I know enough about it to realize that is is not being done practically or intelligently. When I know that it is being done practically and intelligently, and that's why we've got this organization, then you can have your money, God bless you, but you've got to demonstrate that first.

Helms: Well, we'd like to put the system into effect so that we can start it working, and gradually convince you and sell you on the fact that it really is working.

Shannon: But we have done that but we haven't signed off on the internal mechanics yet.

Smith: Meantime I'm going to have my representative down there, whom you know, and who is responsible only to me, and who is going to sit and listen and talk and ask questions, and then if he comes back and says to me, "This just doesn't smell good to me," then I'll go into it myself. I can't do it any other way.

Helms : Fair enough.

Smith Now, you're going to have this right here in another year. another year, I can forget it. If you all stay here and keep your health, and don't let me worry you to death. By the time this has been working for a year, you'll have it just like a,..you'll be playing just like a trained staff, and I can just forget about the whole. G.D. thing. But you're not quite there yet. You will be before long. You've got brains enough and experience enough. It's simply a matter of being shaken down, like any organization. Don't worry about it, but for a little while, you're going to have to submit to a certain amount of semi-irritating supervision and justification, that's all, but I'm not a bit unhappy about The boys said here the other day, they took it in very I was rough with them, well, all right, but we've got a good show here, one I have confidence in. Certainly

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go ahead that way, but you're going to be supervised for awhile. I'm going to ask you an awful lot of questions, and you're going to have to do a lot of justifying, and then you'll get yourself into the mental pattern, and you'll know just what I want, and how far I want you to go, and the things that you have to bring up to me and the things that you can do on your own. We haven't been together too damn long.

		do on your own. We haven't been together too damn long.	
Helms	:	Certainly not.	
Smith	:	What else?	
Wisner	:	Does that finish your point? (speaking to Shannon)	
Shannon	:	I've got to point one more thing out in connection with the personnel ceiling you put on, sir. In connection with that, I mean for the Agency	25X1
Smith	:	Now, wait a minute. That's the budget. That's what we're budgeting for, and I told you that you've got to stay within and quite frankly, that's a completely unintelligent figure and I take it on the basis that there will be some changes and that the wheel that squeaks gets the most grease. If it's intelligent squeaking.	25X1
Shannon	:	But we did reduce our budget presentations by over positions in connection with	25X1
Smith	:	When I make my own, I'm going to stand absolutely pat this year on a floor of because that represents one hell of a cut, and it gives us a reserve, that's true. On the other hand, when you look at the amount that we are turning back to the Treasury, you realize that we are a little bit over-budgeting. Now, whether you'll be very happy with that figure, or figure thereabouts, I hope you'll not make it exactly, but willmake it exactly, but in that year while we've got it, we get it. Well, you've got a chance to shake down thoroughly and get our estimated budgetary figure, on a pretty G.D. tight, unattackable basis. We are more healthily staffed and organized now than we've ever been. You know Machiavelli over here is back in the saddle.	25X1 25X1
		(laughter)	
Wisner	:	While we're on this subject of production of projects, and so on, I thought it would be consistent to have say his piece next. This gets us a little bit out of our prearranged order. Frank, will you comment briefly on the	25X1

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work of the murder board, -- and how far you have gone. That's our term for the internal group that's been combing and recombing a lot of these projects in the action side of the program.

Smith

I think that Jackson will probably sit with you as my representative, to keep me informed.

25X1

We certainly more than welcome him. I'd like to say at the outset, sir, that in undertaking this job, it is not only because you directed the job to be done, but those of us who did it thoroughly believe in just the things that you've been saying. We think we've made a fair first start. We made a . . .

Smith

I think so, too, and I'll tell you why I know, because I've put bak? some of the things you've murdered, in part, and when you get to that point, then I'm happy and when I can say, "They've been pretty rough with this one, and I'll put back a little bit," or we'll hold out something, then I'm satisfied you're doing your job. I am satisfied.

25X1

(So am I, sir). And, we all think that this is a first fround and that the same process should be a continuing one. are still a lot of activities that are peripheral and that there is a considerable redirection of our effort to more profitable and more effective lines. Our first step was establishing what our criteria would be. Very briefly, these are the major points that we took as yardsticks: the first, the authority; is there an adequate anthority, or is this off on the periphery; the second is, will this make an appreciatiable difference, -- will this project in its aggregate when it is carried out make an appreciable difference in the overall East-West balance. We found a great number of projects that were fine, but were pinpricking. You might almost call them the smart tricks department, and unless we can see ways of carrying those and building them up to the point where there is a fair chance of making a difference, then we're wasting our time and the lives of other people.

Smith

Now, there's one more thing I want you to explore on this, since you're operating. And, incidentally, your review has got to be continuous.

Yes, sir.

25X1

Smith : You've got to make the fellows justify their plan of operation as being economical and intelligent, balanced, and coordinated

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laterally, so that if there is an intelligence by product from a psychological project, we milk every G.D. bit of intelligence value out of it, having always in mind the fact that primarily, this is an intelligence organization.

25X1

given, doing that to a much greater extent, -- providing for that by-product. I think another thing that we feel strongly has to be put into projects, and one of the places where we're weakest is in evaluation, and we're going to try to make every project at the outset carry a plan of how the project and how the products could be measured. I think the two separate types of evaluation, first of all, does the organization exist and is it what it says it is; and secondly, assuming that the organization exists, is the product worth the price we're paying for it, -- and I think on both these scores, we are far short of where we'd like to be. This is going to take time because the techniques to do either of those jobs just don't exist.

Smith

Now, you're going to have another point, too. Did you see that? You didn't see the draft, the paper that Frank did?

Wisner

No, sir, I didn't.

Smith

If that becomes effective, which I hope and trust then it will be your function after you've done your murdering, probably, to carry the thing up and shepherd it through the project review, this high-level project review group, possibly, with some support. I'm not sure, but it seems to me that once you have carefully analyzed the thing and decided it's all right, you don't murder it or emasculate it, cut it in half, but let it go, then it may become your function, together with the staff head of the part of the house that's doing the operation to present the project to the three great men or their duly authorized representatives, and get State-Defense approval on it, because from now on, unless those birds sign on the dotted line, we're not going to do it. I'm fair fed to the teeth with having, being told that this isn't the way we understood it, and we're a little afraid now and that this has got to stop. I don't know if that's the way it will be, but I'm thinking on that. Maybe that isn't the answer, maybe it will be Mr. Wisner's responsibility and his two or three principal staff officers to come up

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and shepherd the thing after you've made your recommendations to him, and I've approved. We'll leave that go, but somebody's going to have to do it.

25X1

Very briefly, continuing on the criteria, another measure that we applied is, can this be done by anybody else, either by private organizations, by overt Government organizations, or by foreign organizations. Another measure is what we tried to call a multiplication factor, with a relatively small amount of effort on our part, can we stimulate and produce the largest reaction. Manpower, was we found, and as you have pointed out, by far the greatest limiting factor, and in order to provide a real measure which we've never had before, as a part of this exercise, we made a survey of both requirements and availability of what we called the skilled manpower, in intermediate and senior positions, in the substantive jobs, and we found that manpower certainly was the chief limiting factor. We then used that as a guide, and we found it a helpful guide in demonstrating to the advocates of individual projects that they simply hadn't the manpower to do the job. As a result of this survey, we brought requirements and availabilities in terms of manpower roughly into line, but it's still, --there's still, I think, too much of a spread. Another important factor is . . . .

Smith

Let me interrupt there. For a while, you're going to have to confront these operating boys, the fellows that cook up the ideas, with an alternative. For instance, this is a . . . you believe the project is good and valuable, but you haven't got the manpower, which would you prefer to do, this, or the various others that you recommend, you can take your choice of any two, three, four or five. As I told them

25X1

They didn't seem to be too unhappy about it?

Wisner

No, I had a report.

Timm

They thought they were lucky, they thought they were in pretty fair shape.

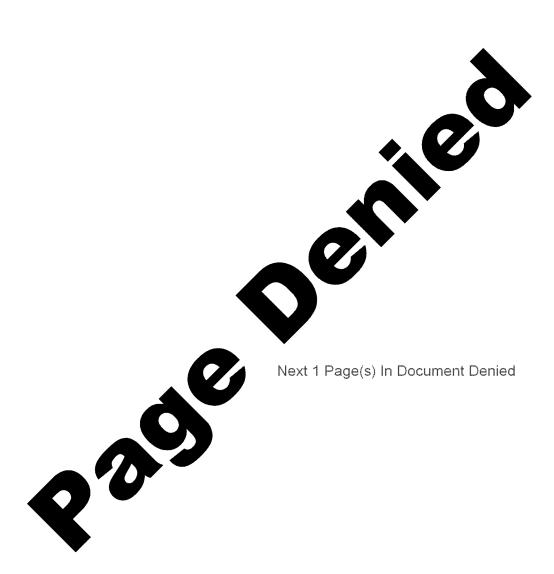
\_\_\_\_:

Another point that we went over. We found that in many projects that there were large hunks of dough for arms.

25X1

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		Except where those arms were to be put directly into the ground or used during the year, we took all of that out, and		
			25 <b>X</b> ′	
		and we made recommendations for fairly limited amounts		
Smith	:	Let me interrupt again. John, you apply the rigid, stereotyped military mentality to some of these projects which involve arms. The paper which you produced and which we sent over to the Chiefs of Staff the other	25X′	
		day with regard to certain things of that sort, and certain personnel items, but your first assumption that the NATO forces could conduct a successful defense in Europe as you realize, there are certain gradations within that assumption, but before we undertake any big project	25X′	
			25X	
		that, the military have to tell us the areas which they expect to be able to hold for a reasonable time. Are they going to hold, can they hold on the Rhine and for how long? If not, where are they going to hold—can they hold the Cherbourg penisula? Can they hold Antwerp for a beachhead? Do they intend to hold the line of the Pyrenees? Do they intend to hold the Brest	25X1	
		peninsula. or what the hell do they intend to do? And.	25X′	
		use them, because we recognize only too clearly that there is no underground movement going to spring to life on P-Day.		
		Incidentally, in some magazine that I marked, there is an awfully interesting interview with whom you know. Now, he's living in London. Fellow knows more about underground movements, probably, than anybody else living. He gives his views, which are identical with our own, and I must dig that thing out.	25X <sup>2</sup>	
Smith	:	I wish we had that fellow working for us, some way or another because he knows underground.		
	<b>]</b> :	We came pretty close to it once. I don't know what happened.	25 <b>X</b> ′	
Smith	:	He's a difficult fellow in some ways, but he does know underground. I don't think you can trust him. I don't know, but he did operate for a considerable time with a successful underground, (was the principal, by the way). Go ahead.		
	:	Well, the next step, sir, was simply blocking out certain large areas in a country of the world where certain types of	25X <sup>2</sup>	



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			25X1
Smith	:	That all right. Frank, I think we may have to go up more.	_
	]:	That is up over the previous year, over the obligations for this past year, which were only so that figure we arrived at is almost double last year's expenditures.  The Soviet Division, from a program of no projects were terminated, but 5 of the 10 were reduced in scope. That is a general survey of the first cut at this	25X1 25X1
		operation.	
Smith	:	We're only being so drastic because as I've said many times, if the necessity first of is tightening up, and then taking a good look at what we've learned to see if it is productive or not, and then we can concentrate on the major ones.	
	];	Well, I think	25 <b>X</b> 1
Smith	:	(One of the boys will talk to you about this.)	
	]:	The principal difficulty, I think we have several excellent projects, that we are just not putting the energy on those that they deserve, and for that reason, we have to sheer off some of these others.	25X1
Smith	:	Which ones are we going to concentrate on the really productive ones. The ones that are questionable or unproductive, we close them out or put them on a standby or storage status until we (can see?) about it.	,
Wisner	:	Yes, sir; I'm particularly anxious for Eric Timm to attempt to make some comments with regard to the secret intelligence mission.	
Timm	:	Well, as you pointed out, General, our problems are a little bit different from the ones facing the other people.	
Smith	:	I don't want to bother you people.	
Timm	:	I would like to if you'd like, I can run through how it has affected us, how the change in the organization structure.	

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Smith : Well, has it hurt you?

Timm

No, it hasn't hurt us; it has increased the responsibilities of common concern that we perform for other people. Now, when you put people doing two jobs where they did one before, that's going to hurt a little bit. Some of our senior people are performing service functions which we think are proper and there will be a net gain on it, but as of today when a man reviews for CE or Security ten projects where he reviewed five before; it's going to take a little time to catch up.

Smith

: You know, Eric, he not only has to review for CE and Security, but he also has to review for intelligence library.

Timm

Yes, sir.

In other word, if the boys are going take a venture in the field of -- again I revert to the area specialists. -- While this chap is sitting on his fanny comfortably at \$9,000 a year and expenses, what are you going to get out of him. You ought to know everything about that area. What can we get out of it intelligencewise. That's the big problem. Never any of you forget that, that's our major function.

Timm

Our setup, as you well know, has long been signed to have a continuing internal audit, because our failures aren't very spectacular. We have a vacuum where we should have something, and we have sort of been conditioned to looking down our own throat, and trying to figure out where we're hurting the most, we're hurting in a lot of areas, we are perfectly frank to admit. Ido believe that getting all of the mechanism joined in together is going to help us. As you know, we have a terrific paper record billed against us, both in CE and positive intelligence by a lot of people who are watching us from outside the Agency. I think in



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25X1

Yes, sir, I have a very small staff to start with; I'm afraid it will build up rather slowly to start with, to get experienced really people, rather than.....

Smith

We've got certain gaps in our command setup down the line. We'll have to meet -- I'll have to talk to you and Mr. Wisner about those. A planned command organization is good; it's just a matter of filling the slots with the right people; and that isn't the easiest thing to do, but we'll get around to that all. Have any of the rest of you got anything you want to raise at this next time? Bill, how long would you be able to be here? Are you going to stay here all night?

Jackson: No, sir.

Smith When are you coming back?

4:10 Jackson: I'm taking four ten back.

Smith Four ten back?

Jackson: Yes, I have to see Kirk before I go.

Smith You have never been over this side of the picutre, have you?

Jackson: I have, in its derivation and the work that's been done on it, but I haven't seen the finished product in detail. As a matter of fact, I would appreciate about three minutes of comment If I might dare make it on one thing that I

think is important.

Smith Will you have lunch with me?

Jackson: If you want me to, yes, sir.

w11 AT

Smith Well I'll tell you want I thought you might do -- I thought you might come out to the house and have lunch with me, then run on out and see Kirk, and you won't want to spend more than 10 or 15 minutes -- then come on back here, and have the chaps who worked this thing out give you a little personal go-around, and then we can have a few minutes' talk before

his arrival.

Jackson: That will be fine. My point that I'd like to bring out in your presence and in the presence of these people is

simply....

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Smith: Come in. Was that somebody knocking?

Jackson: Is this one point that I think since you've been down here, the reorganization of intelligence parts of the Agency has been a real contribution, and that the CIA, as such, can command general respect, based primarily on, whereas prior to this, there was some question.

Smith : Good.

Jackson: Here is a point I want to make. Under your direction, I went through almost every part of the Agency, with exception of Central Administration and Security. I got to the OPC last. That was where all the criticism was directed, that was where all the morale --- I went through that, and concluded that the people in there were just as good as the people in any other part of the Agency.

Smith : Oh, there're good, yes.

Jackson: Administratively and otherwise. Now, you've got together under Frank as good people as you could possibly get. This is as encouraging a meeting as I have seen. The only thing I wanted to bring out is above that chart there, the Psychological Strategy Board, the NSC, the Secretary of Defense and the Secretary of State, and finally the President-in conducting a cold war, I don't believe there will ever be, certainty in it no matter how good you ve gotten it. It is going to be this thing one day and that thing the next day, so that you can be almost too self critical in what you do in that field, because a hundred men get all set to do something, and then they are cancelled. That isn't done by us, that's done away up at the top, so that the switchers of policy up there have a real switch at the bottom here so that all these guys doing this thing with -- and Ted will find that out, you can never do it as precisely and efficiently as you could some other kind of operation, and every guy working in there ought to know this project may be canceled tomorrow. It'll be damned disappointing he usually'll think the whole game is wrong, but that's just an inevitable part of cold war.

I've never seen anybody who has improved his reputation in cold war work, and that's going to go for you, too, Ted. Not anybody that I've seen has increased his stature in cold war, because, by God, there isn't any way to do it.

(Gen. Smith was interjecting noises of agreement here)

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Smith: Frank and the rest of them came back from this discussion the other day with their chins hanging down below their navels and feeling terribly bad about it. Well, of course, we feel bad about a thing being called off like that. But there is nothing personal about it. You may have an attack called off any time. When you are all keyed up and everybody's worked up to the point of just rushing over and raising hell.

Jackson: It's particularly true with cold war. You've got no fair objectives at all, and that makes everybody feel he's a bad administrator, makes everybody feel that you have to worry about the morale. I have had these kids indirectly come to me and complain to beat hell about OPC. They'd left someplace, come down here, been trained for God knows how long, and then all of a sudden sit here for another three months and do not a damn thing.

Smith: And then, they finally, they produce a brainchild which they think is perfectly wonderful, it gets up to a certain point and somebody throws it back at them and says "Balls" then they are broken hearted.

Jackson: Yes, but, that's just inherent in it, even with this greatly improved organization; you're still going to meet it. That was my whole point.

Smith: I remember that when we were operating in \_\_\_\_\_ we planned l1 large arborne operations and each time the progress of military events or the additional distribution of assets canceled them out, one right after the other, right after the other, right after the other.

Jackson: Somebody down below your level often thought you were crazy.

Smith : Yest, they though \( \text{''Why the hell don't they make up their mind?''} \)

Shannon: I had to do that in Personnel.

Jackson: But, you're going to find that, Ted, that a thing won't come off administratively the way you'd like to see it.

Shannon: I don't expect it to.

Smith: Well, now, come on up and have a bite with me; and then I'll send you out to Kirk, and, let's see . . . .

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Jackson: Kirk has his baths at one, so I'll have to get there when

he gets back from that; I'll work that out.

Smith: What time does he....Well, do you want to come down here

right after we have lunch and have a talk with these chaps

a little bit.

Jackson: Maybe I'd better do that.

Smith: All right. And you can be down here by 1:30.

Jackson: I can be down here whenever you want me.

Smith : Well, we'll come back right after lunch.

Wisner: If you do have a bit of staff time, I'd like to suggest that

Bill take a walk into the room where Admiral Kirk and the

rest of us are going over this....

What time are you meeting?

This ( ) paper of yours.

Wisner: That's about 2:30, sir.

Smith: Well, I'll get him down here right after lunch.

Jackson: May I check in with you when I get back ( ), sir?

Smith: We haven't got an extra copy of that, have we?

Wisner: I have a copy right here.

Smith: Is that an extra copy?

Wisner: It's the only copy I have.

Jackson: Well, I can get at that when I get back.

Smith: You better keep it here. He can see it later on.

All right, I thank you very much.

Chorus: Yes, sir, thank you.

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